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How Robinhood's TradePMR acquisition changes the industry
By Rob Burgess
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Online brokerage Robinhood Markets announced Tuesday that it had agreed to purchase the RIA custodial and portfolio management platform TradePMR.

Expected to close in the first half of 2025, the deal is for about $300 million in cash and stock (Citigroup advised Robinhood on the deal, while Lazard advised TradePMR). Through the acquisition, TradePMR's advisors will have access to Robinhood's clients, who tend to skew young. Based in Gainesville, Florida, TradePMR has over $40 billion in assets under administration; its team will join Robinhood.

Robb Baldwin, founder and CEO of TradePMR, said the combined companies will provide a new generation of investors with access to fiduciary financial advice through a referral program to TradePMR's network of more than 400 financial advisory firms.

"In Robinhood, we've found a partner who shares our commitment to serving RIAs and will help us advance that mission," he told Financial Planning. "By collaborating with a company known for its innovation in financial services, we're poised to take the next step in providing advisors with cutting-edge tools and resources. Our advisors will gain access to an exclusive referral program, connecting them with Robinhood's customer base. Together, we will build a multigenerational RIA platform that democratizes access to services once available only to the wealthy, creating new opportunities for a broader range of clients."

Baldwin said his firm had not been proactively planning a merger or acquisition.

"Over the years, TradePMR has received numerous inquiries from potential buyers, but we had never seriously considered selling," he said. "None of the interested parties aligned with our values or our mission to continue serving advisors. From our initial conversations with Robinhood, we felt there might be an interesting opportunity to help us reach the next stage of our growth."

After spending time with the team at Robinhood, which is headquartered in Menlo Park, California, and gaining a deeper understanding of their business, it became evident that this was the right fit and the right time, said Baldwin.

"We've always aimed to connect with the next generation of investors where they are — and today, that's Robinhood," he said.

Experts say this acquisition will have far-reaching effects on the entire wealth

management industry as a generational shift is underway.

A changed playing field for wealth management firms
This is a timely move for Robinhood, said William Trout, director of securities and investments at technology data firm Datos Insights. It will give it access to the fast-growing financial advice sector and help diversify its revenue stream as the industry enters a new, potentially more business-friendly era under the Trump administration.

"Trading commissions are not coming back, and custody offers an easy way to connect with advisors and their affluent clients, many of whom are also self-directed investors," he said. "Robinhood is smartly hedging its bets as it shifts from a purely consumer-facing, transaction-centric model to an advice-based business, one that is also business-to-business."

Robinhood will now compete one-on-one with the likes of Schwab, Pershing, Ameriprise, LPL and Fidelity at the institutional level, said Michael Ashley Schulman, founding partner and chief investment officer at Running Point Capital Advisors in El Segundo, California.

"Historically, Robinhood has always targeted the individual or retail do-it-yourself investor, but with this acquisition, they will now also target professional financial advisors and wealth management firms, as their clients," he said. "This elevates Robinhood to a whole new level and opens up fresh revenue possibilities."

Robinhood is trying to catch up to Schwab and Fidelity, which have dominated the RIA custodial space by providing turnkey solutions, said Peter Eberle, president and chief investment officer of digital currency investment platform Castle Funds.

"This acquisition seems like a good fit, as it would have taken them years to build something of similar quality," he said. "Here they already start at scale."

This move benefits both Robinhood and TradePMR, said John O'Connell, founder and CEO of industry tech consultant The Oasis Group. It will help Robinhood build a path into the wealth management industry for clients who want to move beyond self-directed trading accounts. TradePMR will get access to a huge opportunity to gain new clients for its platform, and TradePMR advisors will get a healthy referral pipeline that rivals the Schwab referral program.

"This may have a huge impact on the wealth management playing field," O'Connell said. "Advisory firms who want to build their business through a referral network will need to strongly evaluate TradePMR as a custodian option. … This acquisition gives TradePMR a large infusion of cash for TradePMR to continue to enhance their custodian platform."

On the cusp of a generational shift
Robinhood's acquisition of TradePMR is just the beginning of a coming

consolidation of services to service across generations, said Satayan Mahajan, CEO of advisor matching platform Datalign Advisory.

"As wealth transfers between generations accelerate, I expect more companies to bridge generational gaps through strategic acquisitions," he said. "Digital platforms will buy traditional wealth management advisors, including RIAs, while established wealth management firms that are interested in pushing past stagnant growth will acquire tech-forward solutions. It's about building services that work across all age groups, from boomers to Gen Z."

Robinhood's acquisition of TradePMR is a strategic move that aligns with the evolving needs of its user base, said Joe Endoso, president of private market investing platform Linqto Capital.

"As millennials and Gen Z investors accumulate wealth, their demand for professional financial advice grows," he said. "Integrating TradePMR's advisory services addresses this shift, which enhances Robinhood's value proposition. Traditionally, Robinhood has not been known as a financial planning platform for building long-term wealth. I believe this changes that."

This could be an early signal of how fintechs will look to evolve their businesses to capitalize on their success in attracting younger clients and curating those relationships to create an attractive prospect pool for more advanced advisory services, said Craig Martin, executive managing director and global head of wealth and lending intelligence at data analytics company J.D. Power.

"The underlying challenge that remains is to what degree the clients of these organizations end up turning into highly attractive prospects for the advisory business and how to successfully bridge between the two worlds," he said. "Historically, firms like Robinhood have had success with their technology and promoting actions like active trading that may not necessarily align with the strategies and services that advisors would recommend."

Martin said he expects to see various segments of the market including banks, fintechs, wealth firms and insurance companies exploring new and creative ways to build a strong pipeline that can put them in a position to capitalize on future wealth-transfer events that have the potential to drive major client and asset realignment.

"This move by Robinhood is simply the latest," he said. "It will not be the last."

Acquisition is a part of larger industry trends

Robinhood's move aligns with a broader trend in the industry in recent years of firms combining or partnering to support future organic growth, said Martin.

"There have been multiple examples of this trend, but in general, these moves are about trying to marry earlier stage relationship acquisition businesses that focus on engaging the mass market or mass affluent demo in the beginning

stages of the client lifecycle with the more advice and guidance-oriented portion of the business that requires higher assets or affluence," he said. "The vast majority of clients at traditional advisor-centric firms are boomers or older. With this group already in or moving into the decumulation phase, there is a need to ensure that the next generation of potential clients is being identified and developed."

The move toward managed money has been a trend in the financial services industry for many years, said Crystal McKeon, chief compliance officer at TSA Wealth Management in Houston.

"Too often investors on an open trading platform get themselves into trouble because they tend to buy and sell at the wrong times, and often purchase hot or risky investments without knowing they are buying risky assets," she said. "I love the idea that Robinhood will enlist advisors to provide a more traditional allocation to help investors create a diverse portfolio. An advisor with fiduciary responsibility must act in the client's best interest. If this helps more individuals find an appropriate portfolio, then I am happy for the change."

Endoso said the acquisition reflects a broader industry trend in which fintech companies are merging digital platforms with traditional advisory services.

"This convergence aims to provide holistic financial solutions, catering to investors seeking both self-directed and professional guidance," he said. "The seamless integration of technology enhances user experience, while access to personalized advice addresses the growing demand for comprehensive financial planning."

Robinhood's acquisition of TradePMR also introduces a hybrid model that combines user-friendly digital interfaces with personalized advisory services, fostering more interactive relationships between investors and advisors, said Endoso.

"By integrating these platforms, investors can engage in dynamic, real-time dialogues with their advisors, enhancing collaboration and decision-making," he said. "There continues to be an industry focus on digital-first advisory platforms that account for the needs for an 'emerging affluent' younger investor that are less likely to engage with a traditional brick and mortar wealth manager."

Endoso said his firm anticipates increased collaboration between fintech platforms and traditional financial advisors.

"This synergy is expected to result in more integrated services, offering investors a seamless experience that combines the convenience of technology with the expertise of human advisors," he said.